



State of Arizona Accounting Manual

Topic 50 Travel
Section 65 Vendor Travel

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INTRODUCTION

It is not infrequent that the State finds itself in a position of paying the travel related expenses of its vendors. This section of SAAM establishes the policies and procedures for making such payments.

POLICY

1. Agreements between State agencies and vendors of any description or legal form, including intergovernmental agreements, should clearly stipulate and limit the types of travel that may be reimbursed and the reimbursement rates that shall apply.
2. To provide equity among payees and to control costs, agencies are strongly encouraged to use State Travel Policy, including its restrictions and reimbursement rates, whenever practicable.
3. Absent written agreement to the contrary, State Travel Policy, its restrictions and reimbursement rates are to be used in reimbursing vendors for travel costs incurred by them when conducting State business.
 - 3.1. If State travel rates for a contracted vendor prove to be unattainable, Federal rates for mileage, meals and lodging may be incorporated into the contract and the vendor may be reimbursed up to such rates.
 - 3.2. Any contract or agreement that would involve reimbursing a vendor for meals, lodging or mileage at rates higher than those promulgated by the U.S. General Services Administration must be submitted to the State Comptroller for approval.
4. Each agency may develop procedures pertaining to the reimbursement of travel costs to vendors.
 - 4.1. These procedures must be consistent with this statewide policy, which may be incorporated by reference.
 - 4.2. Absent an agency-specific policy, this statewide policy applies.
5. All reimbursements related to travel shall be for a valid public purpose and limited to available spending authority and cash.
6. The benefit to the public must demonstrably outweigh the cost associated with travel reimbursements.

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7. Travel costs paid to vendors must always be paid on a reimbursement basis:
 - 7.1. Public monies are not to be advanced to vendors for travel.
 - 7.2. Only the actual costs, in the case of meals, lodging and common carrier fares, may be reimbursed.
 - 7.3. Vendors may be reimbursed for mileage at the published State reimbursement rates.
8. Travel costs paid to vendors must always be supported by appropriate documentation.
9. The IRS does not require that travel reimbursements paid to independent contractors be reported on Forms 1099 if the expenses are substantiated and paid in accordance with State policy.
 - 9.1. Original documentation substantiating the unreported travel reimbursements to vendors must be collected and retained by the paying agency.
 - 9.2. The practice of not reporting the payment of vendor travel reimbursements should, though legal, to the extent practicable, be avoided as it imposes additional recordkeeping requirements and the costs associated with that recordkeeping upon the paying agency.
10. Reimbursements of vendor travel must be coded to object XXXX.
11. As with any other expenditure, suitable internal controls, including segregation of duties sufficient to assure that no single person has control over transactions involving the reimbursement of vendor travel expenses.